

REPLY TO:
Audit Liaison Office
P. O. Box 8155
S. W. Station
Washington, D. C.

10 December 1965

SUBJECT: Review of ECP #1987-27
Airborne Instrument Laboratory
Deer Park, New York

TO : Contracting Officer

1. A review has been made, to the extent deemed necessary of the contractor's cost proposal to provide sensor status history and photographs of sensor coverage. The review consisted of an evaluation of the contractor's estimating procedure together with an examination of the underlying data in support of the proposed quoting rates (labor, overhead and G & A expense), pricing of material costs and travel expense. The estimated labor hours, material requirements and the estimated number of trips, are recommended for review by a technically qualified representative.

2. A summary of the contractor's proposal and the auditor's comments are as follows:

| | Per Contractor's Proposal | Ref Notes |
|-------------------------------|---------------------------------|--------------|
| Direct Labor - Administrative | \$ 559 | |
| Direct Labor - Engineering | 18,504 | |
| | <u>\$19,063</u> | (a) |
| Engineering Burden @104% | 19,826 | (b) |
| Materials | 1,205 | (c) |
| Travel and Subsistence | 3,266 | (d) |
| Overtime Premium | 28 | (e) |
| Subtotal | <u>\$43,388</u> | |
| G & A @7.5% | 3,254 | (b) |
| Total Cost | 46,642 | |
| Fee Requested 7.5% | <u>1,498</u> | (f) |
| TOTAL PROPOSAL | <u>\$50,140</u> | |

Ref. Notes:

a. Since the combined average hourly rate proposed by the contractor compares favorably with the average incurred hourly rate on the 1975 program the quoting rates are considered reasonable for the purpose of this report only.

b. The burden and G & A rates proposed are considered somewhat excessive compared to the current year to date incurred rates. Due to the insignificant monetary amount involved the auditor waives a recommendation for a reduction and accepts the contractor's proposed rates for this report only.

c. The estimated material costs represent 50 feet of magnetic tape. The costs per foot were verified to purchase order placed with vendors.

d. The round trip estimates for travel are considered reasonable. The trips are for liaison work at the West Coast site:

| | |
|---|----------------|
| Two (2) trips for two (2) weeks @ \$801 | \$1,602 |
| Four (4) trips for three (3) days @ \$416 | 1,664 |
| | <u>\$3,266</u> |

e. The estimate for overtime premium is based on 10% of the time of a clerk-typist.

f. The contractor has requested a fee based on 7.5% the estimated costs.

SIGNED

WILLIAM F. EDWARDS
Auditor General Representative (APL)